



Protecting and growing financial capital for the long-term

As identified in Mutual Trust's publication, [Why the Modern Family Office Matters](#), the modern Family Office plays a significant role in helping wealthy families preserve and grow their financial capital over generations, whilst enabling lifestyle choices, philanthropic endeavours and other important priorities in their lives to be achieved.

A family's ability to support the needs of its present generation whilst ensuring the livelihood of the next is a delicate balance. It requires careful financial planning, open communication and importantly, a purpose-driven approach.

To us, "wealth" is more than financial capital

Financial prosperity is the ability to grow financial capital sustainably to provide for the needs of the current and future generations of the family.

It's about protecting and growing wealth over the long-term and providing for a family's current and future needs and objectives. This goes well beyond financial capital and financial return targets.

Financially prosperous families are financially secure and confident they have the means in place to fulfill their non-financial priorities. For example, they may wish to foster entrepreneurship amongst their younger generations or leave a legacy through philanthropic giving in areas where they are passionate. They may need to provide ongoing support or care for a loved-one and ensure their physical or psychological wellbeing is looked after. Importantly, financially prosperous families have a plan in place on how they will achieve what matters most.

"...we see ourselves as guardians of the wealth created by our grandparents. Even though they've passed away, we still live by that philosophy that it's their money, it's not ours. But at the same time, through distributions of the wealth, we'll provide each generation with the ability to create their own wealth in a step-by-step process."

Family Enterprise Participant

Why The Modern Family Office Matters p. 33

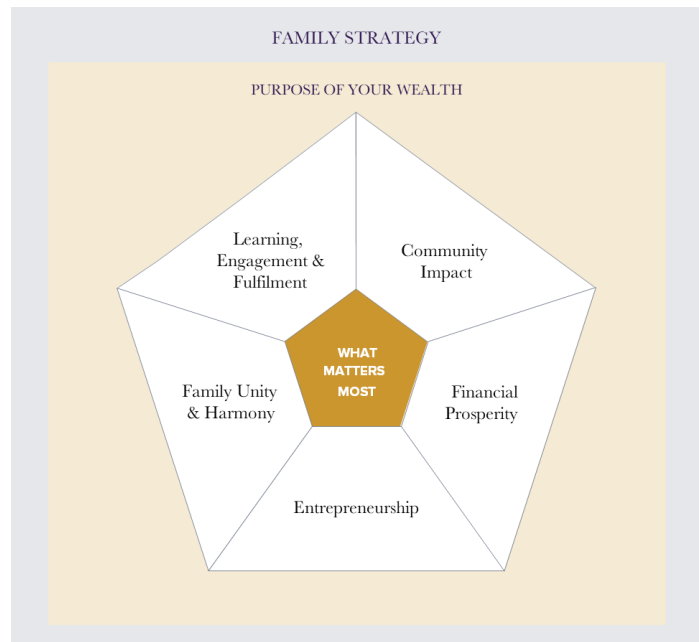
Long-term success starts with understanding what matters most – this is unique for every family

As a modern Family Office, our wealth management focus is broader than simply providing a premium investment advice and portfolio management offering. We believe it is critical to start with uncovering what matters most to a family from a holistic and long-term perspective.

Using the Mutual Trust Gemstone Framework, we explore what is important to the family and its individual family members across five key facets. Financial prosperity is one of these facets.

The output is a clear understanding of a family's collective Purpose of Wealth, along with a documented series of objectives linked to the financial prosperity facet.

The Mutual Trust Gemstone Framework 2023



Building an investment strategy aligned to a family's Purpose of Wealth

Once we have helped the family uncover what matters most to them, we are able to plan, structure and invest their wealth to successfully achieve their long-term objectives and ultimately, their Purpose of Wealth.

We take a holistic approach to the family balance sheet to establish a deep understanding of the total financial position, investment objectives, cash flow and liquidity needs. We then work collaboratively across our tax, superannuation, trustee and Family Office capabilities to fully integrate our wealth services and create a bespoke investment strategy.

When seeking investment opportunities, we look across all asset classes globally to build diversified portfolios best suited to meet the family's needs and objectives, while maintaining a strong focus on risk-adjusted returns. Importantly, we ensure the portfolio has a multi-generational focus and is designed to withstand ongoing market cycles and volatility.

Looking to the future and long-term thematic investing

Our experience in working with families across an intergenerational investment horizon enables us to think differently about our approach. We are highly selective about the investments we recommend and our long-term focus enables portfolios to be positioned to benefit from changing long-term global themes.

For example, the effects of the pandemic, geopolitical tensions and a rising awareness of the impacts of climate related events have encouraged more investors to think about the sustainability of our planet and the role business and private capital can play to support this.

Accordingly, at Mutual Trust we help many families invest in businesses which minimise harm or aim to solve social and/or environmental problems. This includes understanding and committing to investing in organisations which build ‘shared value’ – that is, creating profit through purpose.

Mutual Trust Case Study

Ensuring the wellbeing of future generations, while achieving what matters most today

Paul and Irene Morrow* built their family wealth over a 30-year period, through the management of a successful manufacturing enterprise. Whilst the business is doing well, it's no longer in a growth phase and profits have stagnated.

With ongoing cash drawings gradually reducing their capital, the Morrows were concerned about the impact this might have on their future generations. They engaged Mutual Trust for support.

We began by working with Paul and Irene to explore a holistic view of their wealth and what matters most to them. From there, we undertook financial modelling across their whole balance sheet, with input and advice from our in-house tax and superannuation teams.

This approach enabled the design of a detailed investment strategy which is tailored to achieve the Morrow's goals and objectives, whilst aligning with their core values. To their delight, the Morrows are now also investing in organisations which address causes they are passionate about, such as enhancing the reach and scale of global healthcare to those who need it most.

Through careful planning and expert advice, the Morrows now have the right structure in place to support their current lifestyle requirements, whilst growing and protecting their family wealth for the benefit of future generations and society.

For over 100 years, Mutual Trust has consistently enabled wealthy individuals, families and foundations to protect and grow their capital across multiple generations and achieve financial prosperity. To discuss how Mutual Trust can help your family through a highly personal wealth management service, please contact your Advisor. For a hard copy of Mutual Trust's report 'Why the Modern Family Office Matters' please click [here](#).

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*Family name has been changed to protect privacy

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